

UPA Corporation Berhad

Interim Financial Statements

31 December 2021

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Year	Preceding Year Corresponding	Changes (Amount)
Period ended 31 December	2021	2020		2021	2020	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Continuing Operations						
Revenue	43,468	37,204	6,264	154,721	123,901	30,820
Cost of Sales	-37,134	-31,586	-5,548	-128,798	-104,769	-24,029
Gross Profit	6,334	5,618	716	25,923	19,132	6,791
Other income	3,112	606	2,506	4,844	4,075	769
Selling and Distribution expenses	-1,674	-1,089	-585	-4,707	-3,538	-1,169
Administration expenses	-3,304	-2,754	-550	-10,923	-9,788	-1,135
Other expenses	-150	-643	493	-1,410	-2,157	747
Net impairment losses of financial assets	0	522	-522	0	246	-246
Operating Profit	4,318	2,260	2,058	13,727	7,970	5,757
Finance income	127	212	-85	552	943	-391
Finance costs	95	88	7	-97	-294	197
	4,540	2,560	1,980	14,182	8,619	5,563
Share of profit/(loss) of equity-accounted investees, net of tax	177	390	-213	177	390	-213
Profit/(loss) before tax	4,717	2,950	1,767	14,359	9,009	5,350
Tax expense	-1,055	-618	-437	-3,468	-2,015	-1,453
Profit/(loss) for the period	3,662	2,332	1,330	10,891	6,994	3,897
Exchange differences on translation of foreign operations	164	-230		-913	-230	
Total comprehensive income for the period	3,826	2,102		9,978	6,764	
Profit/(loss) for the period						
Attributable to :						
Owners of the company	3,687	2,185		10,867	6,847	
Non-controlling interests	-25	147		24	147	
Profit/(loss) for the period	3,662	2,332		10,891	6,994	
Total comprehensive income for the year						
Attributable to :						
Owners of the company	3,779	1,962		9,989	6,624	
Non-controlling interests	47	140		-11	140	
Profit/(loss) for the period	3,826	2,102		9,978	6,764	
Basic earnings/(loss) per ordinary share (sen)	4.78	2.83		14.08	8.87	
Diluted earnings per ordinary share (sen)	N/A	N/A		N/A	N/A	

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements

Unaudited Condensed consolidated statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Current Quarter 31/12/2021	Immediate Preceding Quarter 30/09/2021	<i>Changes (Amount)</i>
	RM '000	RM '000	RM '000
Revenue	43,468	36,237	7,231
Operating Profit/(Loss)	4,318	2,482	1,836
Profit/(loss) Before Tax	4,717	2,558	2,159
Profit/(loss) After Tax	3,662	1,907	1,755
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,687	1,904	1,783

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Financial Position
 At 31 December 2021

	31 Dec 2021 RM '000	31 Dec 2020 RM '000
Non-Current Assets		
Property, plant and equipment	67,363	68,472
Investment properties	59,385	59,384
Investment in a joint venture	6,678	6,501
	<u>133,426</u>	<u>134,357</u>
Current assets		
Inventories	61,757	59,299
Other investments	6,412	3,889
Current tax assets	242	62
Trade and other receivables	42,143	39,288
Fixed deposit with a licensed bank	1,500	1,500
Cash and bank balances	53,742	57,157
	<u>165,796</u>	<u>161,195</u>
Total Assets	299,222	295,552
Equity		
Equity attributable to owners of the company		
Share capital	79,582	79,582
Retained earnings	192,770	187,308
Translation reserve	1,180	2,058
Treasury shares	-3,393	-3,393
	<u>270,139</u>	<u>265,555</u>
Non-controlling interests	<u>602</u>	<u>615</u>
Total equity	<u>270,741</u>	<u>266,170</u>
Non-current liabilities		
Trade and other payables	168	156
Lease liabilities	392	277
Deferred tax liabilities	8,731	8,240
	<u>9,291</u>	<u>8,673</u>
Current liabilities		
Loan and borrowings	4,260	4,064
Lease liabilities	321	223
Current tax liabilities	1,018	420
Trade and other payables	13,591	16,002
	<u>19,190</u>	<u>20,709</u>
Total Liabilities	28,481	29,382
Total Equity and Liabilities	299,222	295,552
Net asset per share (RM)	3.39	3.34

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

Interim Financial Statements
 Unaudited Condensed Consolidated Statement of Changes in Equity
 At 31 December 2021

	Attributable to owners of the company					Non-controlling Interest	Total
	Non-distributable			Distributable			
	Share capital	Treasury shares	Translation reserve	Retained profits	Sub-total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	79,582	-3,393	2,058	187,308	265,555	614	266,169
Profit/(loss) for the period				10,867	10,867	24	10,891
Other comprehensive income for the year			-878	0	-878	-36	-914
Total comprehensive income	0	0	-878	10,867	9,989	-12	9,977
Dividends paid				-5,405	-5,405		-5,405
Acquisition of treasury shares							
At 31 December 2021	79,582	-3,393	1,180	192,770	270,139	602	270,741
At 1 January 2020	79,582	-3,393	2,281	186,638	265,108	475	265,583
Profit/(loss) for the period				6,847	6,847	147	6,994
Other comprehensive income for the year			-223		-223	-7	-230
Total comprehensive income	0	0	-223	6,847	6,624	140	6,764
Dividends paid				-6,177	-6,177		-6,177
Acquisition of treasury shares							
At 31 December 2020	79,582	-3,393	2,058	187,308	265,555	615	266,170

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

	31 Dec 2021 RM '000	31 Dec 2020 RM '000
Cash flows from operating activities		
Profit/(loss) before taxation	14,359	9,009
Adjustments for :		
Depreciation of property, plant and equipment	5,788	6,277
Reversal of impairment loss on receivables	(229)	(882)
Impairment loss on receivables	99	636
Reversal of write down on Inventories	(825)	(1,628)
Inventories written down to net realisable value	1,338	1,898
Finance costs	97	294
Finance income	(552)	(943)
Share of results of a joint venture	(177)	(390)
Gain on disposal of property, plant and equipment	-	(290)
Gain on disposal of other investments	(47)	(427)
Loss on disposal of other investments	-	-
Fair value loss/(gain) on investment properties	-	409
Fair value loss on other investments	940	(30)
Gross dividend received from quoted shares	(40)	(37)
Provision for warranty	249	-
Others	-	75
	-	-
Operating profit before changes in working capital	<u>21,000</u>	<u>13,971</u>
Change in inventories	(2,458)	(4,630)
Change in trade and other receivables	(3,442)	11,297
Change in trade and other payables	(3,518)	2,305
	-	-
Cash generated from operations	<u>11,582</u>	<u>22,943</u>
Interest received	552	943
Income tax refunded	-	1
Income tax paid	(1,773)	(2,054)
Net cash from operating activities	<u>10,361</u>	<u>21,833</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,940)	(9,011)
Acquisition of investment properties	-	(32)
Proceeds from disposal of other investments	20,521	15,078
Acquisition of other investments	(21,163)	(17,350)
Proceeds from disposal of property, plant and equipment	-	292
Net change in other investments	-	-
Net change in deposits with licensed banks	-	-
Dividend received from other investments	40	37
	-	-
Net cash used in investing activities	<u>(8,542)</u>	<u>(10,986)</u>
Cash flow from financing activities		
Dividend paid to owners	(5,405)	(6,177)
Acquisition of treasury shares	-	-
Net change in borrowings	5,239	(14,099)
Repayment of lease liabilities	(321)	(289)
Repayment of term loan	-	-
Interest paid	(97)	(294)
Net cash used in financing activities	<u>(584)</u>	<u>(20,859)</u>
Net change in Cash and Cash Equivalents	1,235	(10,012)
Effect of exchange rate changes on cash and cash equivalents	-	(50)
Cash and Cash Equivalents at 1 January	<u>52,507</u>	<u>67,219</u>
Cash and Cash Equivalents at 31 December	<u>53,742</u>	<u>57,157</u>
Analysis of cash and cash equivalents		
Cash and bank balances	55,242	58,657
Less : Deposits with maturity more than 3 months	(1,500)	(1,500)
	<u>53,742</u>	<u>57,157</u>

(The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020)

1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting in Malaysia and the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2020 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2021. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements.

2 Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 Dec 2020 was not qualified.

3 Seasonal or cyclical factors

All four business segments are subject to seasonal and cyclical factors.

4 Unusual items

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cashflow for the current quarter and financial year to date.

5 Material changes in estimates

There were no material changes in estimates in respect of amounts reported in prior interim periods or prior financial year.

6 Debt and equity securities

There was no issuance of shares during the quarter.

7 Dividends paid

The Company did not pay any dividends for the quarter under review.

8 Capital commitments outstanding not provided for in the interim financial statements

Authorised and contracted for :	RM '000
Property, plant and equipment	NIL

9 Property, plant and equipment

There is no valuation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

10 Material events subsequent to the end of the period reported

There were no material events subsequent to the current financial quarter ended 31 December 2021 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

11 Changes in composition of the Group

There were no changes in composition of the Group for the quarter under review.

12 Segmental Reporting
For the year ended 31 December

		Segment revenue	Segment profit/(loss)
Paper based products	2021	54,068	6,487
	2020	45,938	3,900
Plastic products	2021	87,639	7,044
	2020	71,597	5,307
Machine trading	2021	11,069	2,519
	2020	6,782	80
Healthcare	2021	2,714	-1,420
	2020	236	-509
Total	2021	155,490	14,630
	2020	124,553	8,778

Reconciliation of reportable segment profit or loss	12 months ended 31.12.2021 RM '000	12 months ended 31.12.2020 RM '000
Total profit/(loss) for reporting segments	14,630	8,778
Other non-reportable segments	7,600	9,839
Adjustments and eliminations	(8,048)	(9,998)
Share of profit/(loss) of joint venture	177	390
Consolidated profit/(loss) before tax	<u>14,359</u>	<u>9,009</u>

13 Contingencies

Corporate guarantees issued to licensed financial institutions in respect of banking facilities granted to subsidiaries amounted to RM 100,600,000 as at the date of this report.

14 Write down of inventories

During the quarter, there was a write down of inventories amounting to RM 728,000 for the Machinery and Plastic Product segments.

In the corresponding quarter last year, there was a write down of inventories amounting to RM 524,000 in the Plastic Products segment.

15 Provision for warranties

There was a reversal of provision for warranties amounting to RM 400,000 for the quarter under review.

16 Corporate proposals

There are no outstanding corporate proposals that have not been completed as at the date of this report.

17 Review of performance			<i>Changes (Amount)</i>
<u>Current quarter against the corresponding quarter</u>			
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2021	31.12.2020	
Revenue	43,468	37,204	6,264
Profit/(loss) before taxation	4,717	2,951	1,766
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2021	31.12.2020	
Revenue	18,862	15,027	3,835
Profit/(loss) before taxation	2,184	1,730	454
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2021	31.12.2020	
Revenue	21,914	21,039	875
Profit/(loss) before taxation	1,867	1,035	832
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2021	31.12.2020	
Revenue	2,480	1,474	1,006
Profit/(loss) before taxation	1,884	19	1,865
Healthcare	Quarter ended	Quarter ended	
In RM'000	31.12.2021	31.12.2020	
Revenue	649	236	413
Profit/(loss) before taxation	(1,261)	(509)	(752)

Paper based products

Revenue increased by RM 3,835,000 due to higher local sales.
Profit before taxation had increased by RM 454,000 due to higher sales.

Plastic products

Revenue increased marginally by RM 875,000 due to higher export and local sales.
Profit before taxation had increased by RM 832,000 due to better product mix.

Machine trading

Revenue increased by RM 1,006,000 due to higher machine sales and recognition of sales commission income.
Profit before taxation had increased by RM 1,865,000 as a result of lower writedown of inventories and reversal of provision for other expenses.

Healthcare

Revenue increased by RM 413,000 due to better product mix.
However, loss before taxation had increased by RM 752,000 due to adjustment of costing for inventories.

18 Review of performance			Changes
<u>Current quarter against the preceding quarter</u>			(Amount)
Group	Quarter ended	Quarter ended	
In RM'000	31.12.2021	30.09.2021	
Revenue	43,468	36,237	7,231
Profit/(loss) before taxation	4,717	2,558	2,159
Paper based products			
Paper based products	Quarter ended	Quarter ended	
In RM'000	31.12.2021	30.09.2021	
Revenue	18,862	14,209	4,653
Profit before taxation	2,184	2,686	(502)
Plastic products			
Plastic products	Quarter ended	Quarter ended	
In RM'000	31.12.2021	30.09.2021	
Revenue	21,914	20,944	970
Profit before taxation	1,867	1,715	152
Machine trading			
Machine trading	Quarter ended	Quarter ended	
In RM'000	31.12.2021	30.09.2021	
Revenue	2,480	650	1,830
Profit/(loss) before taxation	1,884	(516)	2,400
Healthcare			
Healthcare	Quarter ended	Quarter ended	
In RM'000	31.12.2021	30.09.2021	
Revenue	649	1,102	(453)
Profit/(loss) before taxation	(1,261)	28	(1,289)

Paper based products

Revenue increased by RM 4,653,000 due to higher local sales.
However, profit before taxation had decreased by RM 502,000 due to provision for staff bonuses and staff performance incentives.

Plastic products

Revenue increased by RM 970,000 compared to the previous quarter.
Profit before taxation had increased by RM 152,000 due to better product mix.

Machine trading

Revenue had increased by RM 1,830,000 due to higher machine sales and recognition of sales commission income.
Profit before taxation had increased by RM 2,400,000 as a result of lower writedown of inventories and reversal of provision for other expenses.

Healthcare

Revenue decreased by RM 453,000 due to poor product mix
Loss before taxation had increased by RM 1,289,000 due to adjustment of costing for inventories.

19 Profit forecast

Not applicable.

20 Taxation

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM '000	RM '000	RM '000	RM '000
Income tax	557	901	2,970	2,298
Deferred tax	498	-283	498	-283
	<u>1,055</u>	<u>618</u>	<u>3,468</u>	<u>2,015</u>

21 Group Borrowings and Debt Securities

	31.12.2021	31.12.2021	31.12.2021	31.12.2020	31.12.2020	31.12.2020
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	Foreign denomination	Ringgit denomination	TOTAL	Foreign denomination	Ringgit denomination	TOTAL
<u>Non-current</u>						
Lease liabilities	0	461	461	0	277	277
	<u>0</u>	<u>461</u>	<u>461</u>	<u>0</u>	<u>277</u>	<u>277</u>
<u>Current</u>						
Lease liabilities	0	441	441	0	223	223
Trust receipts	4,260	0	4,260	4,064	0	4,064
	<u>4,260</u>	<u>441</u>	<u>4,701</u>	<u>4,064</u>	<u>223</u>	<u>4,287</u>
Grand Total	4,260	902	5,162	4,064	500	4,564

Group borrowings in Ringgit Malaysia equivalent analysed by currencies in which the borrowings are denominated are as follows :

At 31 Dec 2021	Exchange Rate	Non-current RM '000	Current RM '000
Currency			
RM		461	441
BAHT	0.1247	-	-
USD	4.1660		2,540
JPY	0.0362		1,720
TOTAL		461	4,701

22 Treasury shares

The company did not purchase any of its own shares during the quarter under review. As at the end of the reporting quarter, the status of the share buy-back is as follows :

	FY2021 Year to date
Description of shares purchased	Ordinary share of RM 1.00 each
Total number of shares purchased	NIL
Total number of shares cancelled	NIL
Total number of shares held as treasury shares	2,374,040
Total number of treasury shares resold	NIL

23 Derivative Financial instruments

Summary of outstanding derivatives at 31 December 2021 :

	Fair value Gain/(loss) RM '000
Foreign exchange contracts	NIL

24 Material litigation

There was no material litigation which would materially and adversely affect the financial position of the Group.

25 Dividends declared

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 8.0 sen per share under single tier system, for the financial year ended 31 December 2021.

The date of the Annual General Meeting and book closure for dividend entitlement will be announced in due course.

26 Valuation of investment properties

The valuation of investment properties are unchanged from the previous quarter.

27 Commentary on Prospects

According to IMF's World Economic Outlook updated in January 2022, global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022. As for Malaysia, Bank Negara Malaysia had stated that its economy would expand between 5.5% and 6.5% this year, underpinned by continued expansion in global demand and higher private sector expenditure. On balance, this augurs well for our Group although we recognise that the risks to the outlook remain, arising from supply chain disruptions, emergence of Covid-19 variants, geo-political tensions and inflationary pressures. The Group will continue its focus on cost control and cost reduction; growing its nascent healthcare unit; and strategizing its new markets and products development.

28 Profit for the period

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM '000	RM '000	RM '000	RM '000
Profit for the period is arrived at after charging :				
Depreciation of PPE	1,366	2,237	5,788	6,277
Write down on inventories	728	524	1,338	1,898
Loss on disposal of quoted investments	20	-	47	
Fair value loss on investment properties	-	377		377
Fair value loss on other investments	341		940	288
Impairment loss on receivables	99	376	99	376
Provision for warranty	-	-	249	
and after crediting :				
Fair value gain on investment properties		-		
Fair value gain on other investments		30		30
Reversal of write down of inventories	425	255	825	1,628
Reversal of impairment loss on receivables	483	882	483	882
Gain on disposal of property, plant and equipment		-		287
Gain on disposal of quoted investments		158	47	427
Reversal of provision for warranty	400		400	

Other than the above, there was no impairment loss on trade receivables and exceptional items included in the results for the current quarter ended 31 December 2021.

29 Earnings per share

(A) Basic earnings per ordinary share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue :

Period ended 31 December	2021	2020
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	79,581,840	79,581,840
Effect of treasury shares held	<u>-2,374,040</u>	<u>-2,374,040</u>
Weighted average number of ordinary shares	<u>77,207,800</u>	<u>77,207,800</u>

(B) Diluted earnings per ordinary share-Not Applicable

30 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 22 February 2022.